

BEFORE

THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 90-553-C - ORDER NO. 90-1177

DECEMBER 18, 1990

IN RE: Application of RD & J Management, ) ORDER GRANTING  
Inc., Communications for a ) CERTIFICATE OF  
Certificate of Public Convenience ) PUBLIC CONVENIENCE  
and Necessity ) AND NECESSITY

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an application filed on August 7, 1990, by RD & J Communications Management, Inc. (the Company) seeking a Certificate of Public Convenience and Necessity to operate as a reseller of telecommunications services within the State of South Carolina. The Company is a non-facilities based telecommunications reseller incorporated as a privately-held corporation in the State of South Carolina. These services are expected to be used primarily by callers in hotels, motels, hospitals and other business establishments.

The application was filed under the provisions of S.C. Code Ann. Sections 58-9-10(6) and 58-9-280 (1976), as amended. The application was duly noticed to the public and a Petition to Intervene was filed on behalf of Steven W. Hamm, Consumer Advocate for the State of South Carolina (the Consumer Advocate). A public hearing as to the matters asserted in the application was held in the Hearing Room of the Commission at 111 Doctors Circle at 11:00

a.m., on Tuesday, November 28, 1990, before the Commissioners, with Chairman Marjorie Amos-Frazier presiding. Russell B. Shetterly, Esquire, represented the Company; Carl F. McIntosh, Esquire, appeared for the Consumer Advocate; and Marsha A. Ward, General Counsel, appeared on behalf of the Commission Staff.

The Company presented the testimony of James F. Rees, Jr., President of the Company. Mr. Rees outlined the Company's legal, financial and managerial qualifications, and technical capabilities and addressed the issue of whether the public convenience and necessity requires the issuance of the requested certificate. He further testified that the Company is only seeking interLATA authority from the Commission and stated that all intraLATA traffic will be blocked. The Company proposes to charge AT& T's rates for calls made by its subscribers and end-users.

After consideration of the evidence in this matter, and in accordance with applicable law, the Commission makes the following findings and conclusions:

1. RD&J Communications Management, Inc., a privately-held South Carolina corporation, is a non-facilities based reseller of interexchange telecommunications services, which seeks to provide resale interexchange telephone service primarily to callers in hotels, motels, hospitals, and other business establishments.
2. Consistent with our intent to encourage greater competition in the interexchange market place as previously stated (See, Order No. 89-1015, issued October 23, 1989, in Docket No. 88-693-C), the approval of this Application will serve the public interest in that

the Company has identified an area which may be open to further competition.

3. The Company herein has shown itself to be fit, willing, and able to provide such resale telecommunication services and that therefore it should be granted a Certificate of Public Convenience and Necessity to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service (FX) and Private Line Services, or any other services authorized for resale by tariffs of facility based carriers approved by the Commission.

4. The Company shall block or switch to the LEC all intraLATA calls which are attempted over its network. If the Company incidentally or accidentally completes any intraLATA calls, the LEC should be compensated as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket 86-187-C.

5. A rate structure incorporating a maximum rate level with the flexibility for downward adjustment has been previously adopted by this Commission. IN RE: Application of GTE Spring Communications Corporation, etc., Order No. 84-622, issued in Docket 84-10-C, on August 2, 1984. The Commission herein adopts the rate design for the Company which includes only a maximum rate level for each tariff charge, the maximum rate level for operator services being the rate charged by American Telephone and Telegraph Communications (AT & T) and the intrastate rates being charged by the Company for operator service will be no higher than the

intrastate rates being charged by AT & T at the time the call is made.

6. While the Commission is conscious of the need for resellers to adjust rates and charges timely to reflect the forces of economic competition, rate and tariff adjustments below the maximum levels should not be accomplished without notice to the Commission and to the public. The Company shall incorporate provisions for filing rate changes and publication of notice of such changes two weeks prior to the effective date of such changes, and affidavits of publication must be filed with the Commission. Any proposed increase in the maximum rate level reflected in the tariffs of the Company, which should be applicable to the general body of subscribers, would constitute a general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of the S.C. Code Ann. Section 58-9-540 (Cum. Supp. 1989).

7. Certain portions of the Company's tariff do not reflect the current AT & T charges. The Company should file tariffs to reflect the findings herein within thirty (30) days of the date of this Order.

8. During the hearing before the Commission, evidence was adduced which indicated that the Company had billed customers in South Carolina for intrastate calls prior to receipt of this certification. Witness Rees stated that the Company intends to provide a refund or credit to those customers. The Commission finds that the Company should provide such a refund or credit to any

customer billed for intrastate telecommunications service prior to Commission certification, and the Company shall verify to the Commission that such has been accomplished within 60 days from the date of this Order.

9. An end user should be able to access another interexchange carrier or operator service provider if they so desire.

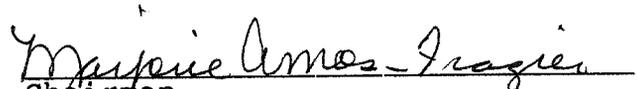
10. The Company may only use such underlying carriers for the provision of intrastate telecommunications service as are certified by this Commission to provide such service and the Company will notify the Commission in writing as to its underlying carrier or carriers and of any change in its carrier.

11. The Company is subject to any applicable access charges pursuant to Commission Order No. 86-584 in which the Commission determined that the reseller should be treated similarly to facility based carriers for access charge purposes.

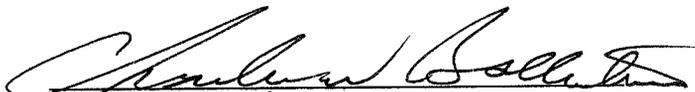
12. The Company is required to file on a yearly basis surveillance reports with the Commission as required by Order No. 88-178 in Docket 87-483-C. The proper form for these reports should be Attachment A, attached hereto and incorporated by reference herein.

IT IS THEREFORE ORDERED that the foregoing findings and conclusions of the Commission hereby ordered to be accomplished as set forth herein.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).